

RE: CIGARETTE CO-EXIST PROGRAM

TO: Tom Mann
CC: Mike Coppola
Mike Donoghue
FROM: Dick Moscatti

WE Proposed PM & RJR Co-ExistP.M.

We will not have any contract with them for fixture payments unless we:

1. Allocate space to P.M. on the self-service display as follows - two Marlboro facings for every one RJR facing. (We can do this, RJR has to agree.)
2. Provide an opportunity for Marlboro to establish consumer share of mind through permanent in-store signage. (P.M. needs to be specific about this - we presently have one on the pack rack)
3. Feature one Marlboro promotion per quarter through exterior advertising. (We can do this.)
4. Feature Merit, Parliament and Benson & Hedges exclusively on the package fixture pack topper once per quarter for a two week period. (We can do this.)
5. Agree to a planogram for the permanent self-service space allocated to P.M. and R.J.R. for each store. (We can do this.)

This would be a Level 2 agreement.

I understand with R.J.R. we need the following :

1. One R.J.R. self service rack equal to P.M. (P.M. will not go for this, we will not have any contract with P.M.)
2. Vertical load on P.M. Pack Rack for Savings (OK).
3. R.J.R. share of market on full price = to space on P.M. Pack Rack (OK).
4. Need to increase 8%. (We could not project this based on cigarette sales trends).

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The fixture to accommodate both P.M. and R.J.R. at a 2:1 ratio has to be approved by Wilson Farms. We can't have 2 counter racks with our checkout merchandising. Both companies have to share the cost of a new design and construction for our stores.

P.S. The actual Ahold synergy has a lot of details that we may not be able to do in the Wilson Farms division. I have not study each one but,

SOME EXAMPLES -

- Provide R.J.R. share of available signage equal to R.J.R. share of market.
- Accept new R.J.R. brand styles, as requested.
- Merchandiser(s) will be located adjacent to an active check lane, as approved by an R.J.R. representative.

My suggestion is to add a line, all is not applicable to the Wilson Farms stores.



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